

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION**     )  
**OF IDAHO POWER COMPANY FOR**         ) **CASE NO. IPC-E-11-08**  
**AUTHORITY TO INCREASE ITS RATES**     )  
**AND CHARGES FOR ELECTRIC SERVICE**    )  
**IN IDAHO**                                     ) **ORDER NO. 32481**  
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On December 30, 2011, the Commission issued final Order No. 32426 in Idaho Power Company’s 2011 rate case. In that Order, the Commission directed Idaho Power to modify the methodology for calculating certain distribution facilities charges and to file new tariffs to conform with the Order. Order No. 32426 at 31. On January 13, 2012, the Company filed new facility charge tariffs and proposed rate schedules. After reviewing the proposed tariffs and schedules, the Commission approved the revisions at its public decision meeting on January 30, 2012.

On January 20, 2012, Idaho Power filed a Petition for Clarification regarding the Commission’s rate case Order No. 32426. In essence, the Company asks the Commission to approve several adjustments the Company made to the facility charge methodology. The Company served its Petition on all the parties to the rate case. The only party to file a response was the Commission Staff. Based upon our review of the Petition and Staff’s Answer, we grant Idaho Power’s Petition.

**CLARIFICATION ISSUES**

Idaho Power requested that the Commission “clarify” several issues related to Idaho Power’s calculation of its facilities charges.<sup>1</sup> The four issues are set out in greater detail below.

1. Facilities more than 31 years old. In Order No. 32426, the Commission directed that Idaho Power adjust its methodology for calculating facility charges to remove the rate of return, depreciation, and income tax components for assets that have been fully depreciated, i.e., facilities that exceed the average 31-year life. Order No. 32426 at 31. The Company modified the facility charge methodology and calculated a new rate for facilities greater than 31 years old.

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<sup>1</sup> One of the issues that Idaho Power seeks to clarify is its request that the proposed facility charge tariffs become effective on the first day of the month following the Commission’s review of the tariffs filed January 13, 2012, i.e., February 1, 2012. Because the Commission approved the proposed tariffs at its January 30, 2012 decision meeting, there is no need to address this issue. Petition at ¶ 10.

Petition at ¶ 6. The Company calculated that the appropriate rate for these facilities is 0.59% and utilized that rate in its tariffs filed on January 13, 2012.

In its comments, Staff stated the Company correctly calculated the new rate as 0.59%. In addition, Staff noted that further clarification was unnecessary because the Commission approved this rate as part of Schedule 66 (Miscellaneous Charges, tariff page 66-4) at its decision meeting on January 30, 2012. Staff Comments at 2.

2. Annual Reconciliation. For purposes of determining whether facilities are older or younger than 31 years, the Company indicated in its Petition that it does not record the specific date or month when distribution facilities are installed. Idaho Power only tracks facilities based upon the year such facilities are installed. Thus, the Company's methodology assumes that all facilities are installed for the "full year" regardless of the actual date such facilities were installed. Petition at ¶ 7. Consequently, the Company requests the Commission approve that reconciliation of the facilities occur once a year based upon "year-end" data. In addition, Idaho Power requests that the customer's monthly facility charge rates will be adjusted at the beginning of each calendar year.<sup>2</sup>

Because the facility investment records only indicate the year that distribution facilities are installed, Staff commented that the Company's proposal is a reasonable approach. Staff recommended that facilities be reconciled on an annual basis and that the distribution facility charges be adjusted at the beginning of each calendar year. Consequently, Staff recommended the Commission approve this reconciliation and rate adjustment procedure. Staff Comments at 3.

3. Use of Year-End 2011 Facility Records. In calculating the changes to its facility charge tariffs, the Company used year-end 2011 facility records to determine the appropriate ratios for facilities that were younger than, or older than, 31 years. Petition at ¶ 8. Idaho Power requested the Commission approve this approach. Staff determined the Company's approach is reasonable and recommended the Commission approve the approach. In addition, Staff noted the Commission "implicitly approved this approach when it approved the new tariff schedules on January 30, 2012." Staff Comments at 3.

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<sup>2</sup> In Order No. 32426, the Commission found that it was appropriate for the Company "to update all of the cost components that comprise the facility charges in each future rate case. . . ." Order No. 32426 at 32.

4. Schedules 15 and 41. In the underlying rate case, the Company noted that it no longer offers facility charge service to new customers under Schedule 15 (Yard Lighting) and Schedule 41 (Street Lighting). Consequently, the Company requested that the Commission approve a single facilities charge rate for each of these two schedules without regard to age of the facilities. Petition at ¶ 9.

Staff determined that the Company's proposal is a reasonable approach given that the Company no longer offers facility charge service to new customers under Schedules 15 and 41. Because the Company no longer collects the information, Staff believed that it was appropriate to use the rate that applies to the lower-aged facilities (i.e., less than 31 years). In addition, Staff observed that the Commission approved this approach when it approved the new tariff schedules on January 30, 2012. Staff Comments at 3.

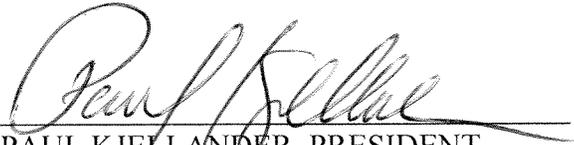
### **FINDINGS**

Based upon our review of the Company's Petition for Clarification, Staff's Answer, and the lack of any objections, we find that the changes to the methodology set out above are reasonable and appropriate. We find it is reasonable to use year-end data to calculate facility charges and that such charges be adjusted on an annual basis at the beginning of each calendar year. We further find it reasonable to use year-end 2011 facility records to determine the age of facilities. Finally, it is reasonable to calculate the facility charge for Schedules 15 and 41 customers without regard to the age of the facilities. Accordingly, we approve the changes to the facility charge methodology.

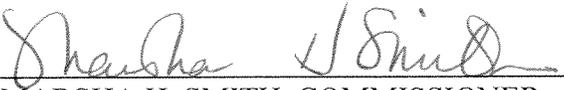
### **ORDER**

IT IS HEREBY ORDERED that Idaho Power's Petition for Clarification is granted as set out above in greater detail.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup>  
day of March 2012.

  
PAUL KJELLANDER, PRESIDENT

  
MACK A. REDFORD, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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